

**BEFORE THE DIVISION OF INSURANCE**

**STATE OF COLORADO**

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**FINAL AGENCY ORDER O-10-90**

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**IN THE MATTER OF THE MARKET CONDUCT EXAMINATION OF CIGNA  
HEALTHCARE - CENTENNIAL STATE, INC.**

**Respondent**

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**THIS MATTER** comes before the Colorado Commissioner of Insurance (the "Commissioner") as a result of a market conduct examination conducted by the Colorado Division of Insurance (the "Division") of CIGNA HealthCare - Centennial State, Inc. (the "Respondent"), pursuant to §§ 10-1-203, 10-1-204, 10-1-205(8), 10-3-1106, and 10-16-416, C.R.S. The Commissioner has considered and reviewed the market conduct examination report dated November 3, 2009 (the "Report"), relevant examiner's work papers, all written submissions and rebuttals, and the recommendations of staff. The Commissioner finds and orders as follows:

**FINDINGS OF FACT**

1. At all relevant times, the Respondent was licensed by the Division as a health maintenance organization.
2. In accordance with §§ 10-1-203, 10-1-204, 10-1-205(8), 10-3-1106, and 10-16-416, C.R.S., on November 3, 2009, the Division completed a market conduct examination of the Respondent. The period of examination was January 1, 2007 to December 31, 2007.
3. In scheduling the market conduct examination and in determining its nature and scope, the Commissioner considered such matters as complaint analyses, underwriting and claims practices, pricing, product solicitation, policy form compliance, market share analyses, and other criteria as set forth in the most recent available edition of the Market Regulation Handbook adopted by the National Association of Insurance Commissioners, as required by § 10-1-203(1), C.R.S.
4. In conducting the examination, the examiner observed those guidelines and procedures set forth in the most recent available edition of the Market Regulation Handbook adopted by the National Association of Insurance Commissioners and the Colorado insurance examiners' handbook. The Commissioner also employed other guidelines and procedures that she deemed appropriate, pursuant to § 10-1-204(1), C.R.S.

5. The market conduct examiner prepared a Report. The Report is comprised of only the facts appearing upon the books, records, or other documents of the Respondent, its agents or other persons examined concerning Respondent's affairs. The Report contains the conclusions and recommendations that the examiner find reasonably warranted based upon the facts.
6. Respondent delivered to the Division written submissions and rebuttals to the Report.
7. The Commissioner has fully considered and reviewed the Report, all of Respondent's submissions and rebuttals, and all relevant portions of the examiner's work papers.

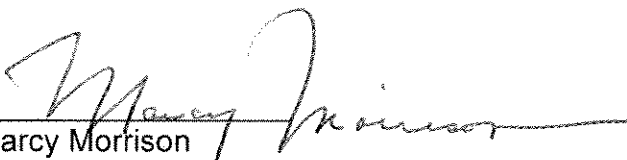
#### **CONCLUSIONS OF LAW AND ORDER**

8. Unless expressly modified in this Final Agency Order ("Order"), the Commissioner adopts the facts, conclusions and recommendations contained in the Report. A copy of the Report is attached to the Order and is incorporated by reference.
9. Issue J1 concerns the following violation: Failure, in some instances, to allow thirty (30) calendar days additional information to be provided before claims are denied. The Respondent shall provide evidence to the Division that it has modified its procedures to ensure that whenever additional information is needed to resolve an unclear claim, the claim is kept open for at least thirty (30) calendar days to allow the requested information to be provided.
10. Issue K1 concerns the following violation: Failure, in some instances, to have written notifications of adverse utilization review determinations signed by a licensed physician. The Respondent shall provide evidence to the Division that it has revised its procedures to ensure that all adverse utilization review decisions are signed by a licensed physician familiar with standards of care in Colorado.
11. Pursuant to § 10-1-205(3)(d), C.R.S, the Respondent shall pay a civil penalty to the Division in the amount of Thirty-two Thousand and no/100 dollars (\$32,000.00) for the cited violations of Colorado law. This fine was calculated in accordance with Division guidelines for assessing penalties and fines, including Division Bulletin No. B-1.3, originally issued on January 1, 1998, re-issued May 8, 2007. Said penalty shall be assessed a 10% surcharge up to \$200,000, or \$3,200.00, pursuant to 24-34-108, C.R.S. for a total balance due of \$35,200.00 which will be due to the Division within 30 days of the signing of this Final Agency Order. This surcharge will be used

to fund the development, implementation and maintenance of a consumer outreach and education program.

12. Pursuant to § 10-1-205(4)(a), C.R.S., within sixty (60) days of the date of this Order, the Respondent shall file affidavits executed by each of its directors stating under oath that they have received a copy of the adopted report and related Order.
13. Unless otherwise specified in this Order, all requirements with this Order shall be completed within thirty (30) days of the date of this Order. Respondent shall submit written evidence of compliance with all requirements to the Division within the thirty (30) day time frame, except where Respondent has already complied, as specifically noted in the Order. Forms violations may be corrected by revising the appropriate noncompliant area(s) of the forms, or by issuing an addendum to correct the noncompliant areas if the Company is unable to correct the actual form within the required time period. Copies of any rate and form filings shall be provided to the rate and forms section with evidence of the filings sent to the market conduct section.
14. This Order shall not prevent the Division from commencing future agency action relating to conduct of the Respondent not specifically addressed in the Report, not resolved according to the terms and conditions in this Order, or occurring before or after the examination period. Failure by the Respondent to comply with the terms of this Order may result in additional actions, penalties and sanctions, as provided for by law.
15. Copies of the examination report, and this final Order will be made available to the public no earlier than thirty (30) days after the date of this Order, subject to the requirements of § 10-1-205, C.R.S.

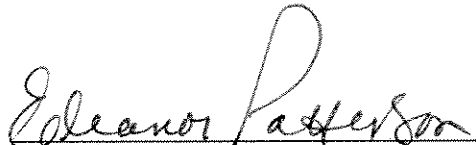
**WHEREFORE:** It is hereby ordered that the findings and conclusions contained in the Report dated November 3, 2009, are hereby adopted and filed and made an official record of this office, and the above Order is hereby approved this 16<sup>th</sup> day of February, 2010.

  
Marcy Morrison  
Commissioner of Insurance

**CERTIFICATE OF MAILING**

I hereby certify that on the 16<sup>th</sup> day of February, 2010, I caused to be deposited the **FINAL AGENCY ORDER NO. O-10- 90 IN THE MATTER OF THE MARKET CONDUCT EXAMINATION OF CIGNA HEALTHCARE CENTENNIAL STATE, INC.,** in the United States Mail via certified mailing with postage affixed and addressed to:

Mark Carley  
CIGNA HealthCare Centennial State, Inc.  
8505 E. Orchard Road, 10T1  
Greenwood Village, CO 80111

A handwritten signature in cursive script, reading "Eleanor Patterson", written over a horizontal line.

Eleanor Patterson  
Market Regulation Administrator  
Division of Insurance